

## **EXHIBIT E**

### **COMMUNICATIONS INTEGRATED PRODUCT TEAM (IPT) of the SINGLE PROCESS INITIATIVE BLOCK CHANGE MANAGEMENT TEAM**

#### **INTRODUCTION**

On June 17, 1996, the SPI Block Change Management Team presented a panel discussion of the Single Process Initiative to the Joint Services Contract Administration Service Executive Meeting. Discussions revolved around how, in order to meet military, economic and policy objectives, these SPI block changes are to be considered in future acquisitions. It is recognized that the effectiveness of future acquisitions rests on the ability to transition to performance oriented acquisitions. To address this concern, a Communications IPT was chartered to develop a process by which previously accepted/approved Block Changes are communicated to buying /program offices so that future solicitations do not contain requirements for obsolescent methodologies.

#### **BACKGROUND**

Secretary Perry issued a memorandum December 6, 1995, subject: Common Systems/ISO 9000/Expedited Block Changes. This memorandum directed the use of block changes to modify existing contracts on a facility-wide basis whenever the contractor proposes management and manufacturing process changes and the government considers such changes technically acceptable. Secretary Perry designated the DCMC Administrative Contracting Officer as the single point of contact (POC) for the execution of block changes. On December 8, 1995, Under Secretary Kaminski issued guidance for the adoption of common processes at DoD contractor facilities using an expedited, streamlined approach to process contractors' proposals. DCMC field offices are required to establish management councils to facilitate the timely execution of the SPI and exchange of information.

#### **EXECUTIVE SUMMARY**

All members of the IPT recognized the place to effect change in the culture is at the technical level where requirements are being developed and influenced. For industry members on the IPT, the issue was simply how to ensure that offers/proposals of a previously accepted SPI would not be considered nonresponsive in a new solicitation. For the Government, this is one of our best opportunities to use "out of the box" procurement processes which will allow buying activities, along with industry partners to offer opportunities for improvement through the Single Process Initiative.

IPT recommendations:

- IPT write a memo to be signed by the Undersecretary Defense (A&T) signature that would encourage SAE to ensure the flowdown of information about Block change processes and modifications. (Attachment A)
- IPT develop “boiler plate” language for recommended use in solicitations. (Attachment B)
- DCMC coordinate with Defense Acquisition University (DAU) to ensure that the Single Process Initiative is included in appropriate DAU courses and programs.
- DCMC develop SPI training Programs for use in “Roadshow” type activities.
- All services, agencies and industry partners increase/improve website/homepage input.
- DCMC develop and circulate an SPI Newsletter.
- DCMC charter a separate IPT/working group to review DFARS Case 94-D0003 on specifications and standards to determine whether any aspects of this case may be applicable to the SPI.

## **IPT STRUCTURE AND PROCESS**

**Membership:** The IPT was formed in July 1996 with representatives from the services and NASA. (Attachment C.)

**Charter:** The DCMC Commander chartered the Communications IPT to examine the relevant issues and recommend a methodology by which buying activities can be routinely notified of Single Process Initiative accepted processes. Specifically included among the issues are: (i) identification of contractors and their accepted block change process modifications, (ii) designated DCMC and Service Persons of Contact (POCs) and (iii) the identification of contractor proposed block change processes.

**IPT Methodology:** The IPT met twice in August and September. During the first meeting the team divided into several working groups to work separate action items. Using a streamlined process, these groups reviewed possible solutions to specific barriers to communications. At the second meeting, the IPT discussed the possible solution or document developed by the working groups and refined the recommendations. Each member was asked to review the documents presented and make recommendations electronically by an agreed upon date. The report was drafted and sent out electronically

for comment. Once completed, the report was reviewed by the services and NASA, and agency representatives. Where appropriate, their comments and recommendations are incorporated.

## **Communications Barriers and Recommendations**

1. Existing “**Cultural**” barriers to communications result in “business as usual” not due to statute or regulations, but because of local buying office/command policy or procedure.

### **Recommendation**

That the Communications IPT draft a memorandum for signature by the Undersecretary of Defense (A&T) Dr. Kaminski which will reiterate the importance of the SPI initiative and the importance of commitment by DoD activities at all levels. (Appendix A) Opportunities to participate in training and education programs, roadshows, or receive newsletters should be made available to as many in the workforce as possible.

2. **Procurement Process** itself is a barrier when it does not provide the flexibility for offerors or bidders to propose previously accepted or new block process proposals.

### **Recommendations:**

That the Communications IPT draft for use by all services and government agencies, recommended solicitation language that allows contractors to offer previously accepted block change proposals or new SPI proposals. (Attachment B)

That DCMC charter a separate IPT or working group to review DFARS Case 94-D0003, on specifications and standards to determine whether any aspects of this case may be applicable to the SPI.

3. **Lack of visible Single Process Initiative (SPI) Person of Contact (POC) in each facility or activity** may be a barrier to communication when buying activities are not adequately represented on Management Councils or when Management Councils are not formally established to review contractor proposals.

### **Recommendation**

DCMC, in coordination with services and agencies ensure that buying activities are actively involved in Management Councils and that Management Councils are established, especially where contractors submit concept papers.

**4. Poor information flowdown to key components in the acquisition and contracting process** creates barriers. Key players like Procuring Contracting officers and technical personnel who are responsible for developing requirements appear to often be the last to know about new initiatives such as the SPI.

#### **Recommendations:**

That DCMC develop a standardized training module for “Roadshow” type activities and conferences to provide general training to the contracting and acquisition communities.

That DCMC involve the Defense Acquisition University in a plan to include the principles of the Single Process Initiative, along with other important Acquisition Reform initiatives, including “lessons learned” in appropriate courses.

That DoD and other government agencies, the services, and industry keep internet website/homepage information up-to-date and provide the widest access possible.

#### **Discussion:**

Early discussion centered on the question of to whom our efforts should be directed. Posed at the beginning of discussions, this question triggered a vigorous round of discussion. IPT members shared anecdotal instances where industry and government agency representatives have wanted to discuss block change processes with both government and industry employees in field or plant activities and have encountered individuals who were unfamiliar with the Single Process Initiative (SPI) program. Some suggested that Program Executive Officer (PEO)/Program Manager (PM) process players should be the focal point, while others indicated that there is strong PEO/PM knowledge of the SPI. All agreed that focus must be placed on improving communication among all cognizant members of the solicitation process. The group further agreed that it is imperative to the process that to the extent possible, training, education and flow of information be provided to as many as possible in government and industry.

Industry members of the IPT stated that most important to them was achieving recognition for those Single Process Initiatives which had already been accepted in the form of modifications to existing contracts. For them, the issue was ensuring their offers/proposals of a previously accepted SPI on a new solicitation would not be

considered nonresponsive in solicitations where those same military specifications and standards are indicated.

The services were already engaged in efforts to remedy the problem of communicating to requiring activities. Most active was the Navy which was drafting proposed language for use in Navy RFPs. The Air Force and Army RFP “Scrub Teams” were already helping to ensure that Acquisition Reform initiatives are being considered in solicitations. Nevertheless, the IPT maintained its focus to develop standardized methods of “getting the word out” throughout all of DoD and other government agencies such as NASA.

## **CONCLUSION**

There are those in government and industry who are resistant to change. This is evident in those instances where requirements using old military standards and specifications are still being written or where our industry partners at the technical level resist change. The place to influence change in the culture is at the level where requirements are being developed and influenced. This is where through the procurement process, “out of the box” measures allow buying activities and industry partners to offer opportunities for improvement through the Single Process and other Acquisition Reform Initiatives. Critical for training, education and information are Program Managers, Engineers and those who would serve on Source Selection teams. Training targets are in (i) the procurement process (ii) formal school training and (iii) communication through use of common established channels.

In the memorandum drafted for Dr. Kaminski’s signature and through the use of the proposed contractual language, the IPT ventured to broaden the focus beyond the communication of previously accepted block change proposals to suggest allowing, through contractual language, the proposal of new single process initiatives as well as other innovative acquisition reform initiatives.

Development of a standardized training module is recommended as method of providing general training to the acquisition community. This is to ensure that common SPI principles are understood “across the board.” It is recommended that DCMC coordinate with the Defense Acquisition University to include the principles of SPI in courses where appropriate.

(Draft)

Office of the Undersecretary of Defense for Acquisition and Technology

SUBJECT: Recognition of Single Process Initiative (SPI) Block Changes in Follow-on Procurement

References: (a) December 11, 1995, Subject: Adoption of Common Processes at Defense Contractor Facilities

(b) September 3, 1996, Subject: Prime and Subcontractor Relationships in the Single Process Initiative (SPI)

This memorandum advances DoD acquisition policy to anticipate the impact of the Single Process Initiative (SPI) on the procurement process and future contracts and to further promulgate policy to ensure that performance based requirements replace detailed contract specifications and standards. It is intended to clarify, expand and advance acquisition reform through the use of the Single Process Initiative. Future solicitations will be performance-based and shall allow for contractors to propose single processes that have been previously accepted on existing contracts under SPI or to allow contractors to propose new single process initiatives. I want our total acquisition and contracting workforce to be aware of how the Single Process Initiative can help move us more toward the use of performance based contracting.

To streamline future acquisitions, buying and contract administration activities should seek to establish process and product performance based requirements as replacements for detailed government contract specifications and standards in existing contracts. Excessively detailed specifications, manufacturing, or business processes may capture obsolescent technology and discourage contractors from proposing and using more

efficient processes. Contractor processes should not be contractually specified unless there is no other mechanism for ensuring accountability.

Our acquisition workforce at all levels must seek to understand the SPI process and work to support appropriate changes when developing requirements or contracting for future work in a facility. The government's role is to evaluate the previously approved process within the context of the new procurement source selection criteria to ensure that the contractor and product performance risk are acceptable. Bidders and offerors are to be considered responsive and the contractor's alternative process adopted where technically acceptable.

Your efforts toward ensuring that the entire workforce is kept informed, trained and educated will provide that extra momentum that we need to advance the Single Process Initiative.

Paul Kaminski

Attachment A

**Recommended Solicitation Language**

*Rationale. The objective of SPI is to allow contractors to use single manufacturing and management processes at their facilities. Future solicitations are to be performance-based and shall allow for contractors to propose single processes that have been previously approved on existing contracts under SPI. The government's role is to evaluate the previously approved process within the context of the new procurement source selection criteria to ensure that the contractor and product performance risk are acceptable. The fact that previously approved SPI processes can be proposed in response to a solicitation does not obviate the contractor from proposing exceptions to the SPI process if it is warranted by the solicitation requirements.*

Section C: The contractor shall comply with the process requirements of this solicitation, except that previously accepted acquisition reform initiatives such as Single Process Initiative (SPI) processes may be proposed as substitutions where appropriate. The contractor may propose single process initiatives in response to this solicitation.

Section L: Offerors who propose previously accepted Single Process Initiative (SPI) or other processes, in lieu of the processes specified in this solicitation, must include documentation that substantiates the appropriateness of the substitution. The substantiation must be clear and convincing, and is the sole responsibility of the offeror. A copy of the acceptance or modification of a previously accepted single process or other proposal must be submitted as part of the contractor's proposal.

Section M: All proposals, whether for the specific processes contained in this solicitation or for the substitution of previously accepted or proposed new SPI or other processes, will be evaluated using the source selection criteria established for the acquisition described herein.

Attachment B



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Attachment